

Supreme

"CANADIAN ALL THE WAY"

**ANNUAL REPORT
1966**



EXPLORATION • PRODUCING • REFINING • MARKETING

Supreme Oil & Gas Ltd.

CANADIAN OWNED • CANADIAN OPERATED
CANADIAN PRODUCTS



"CANADIAN ALL THE WAY"





Supreme Oil & Gas Ltd.

SUPREME OIL AND GAS BUILDING

10612 - 124 Street

EDMONTON • ALBERTA • CANADA

66/5

TO THE SHAREHOLDERS OF SUPREME OIL AND GAS LTD.

In line with the previously announced summer drilling program, operations are proceeding with the commencement of the drilling of three wells between the prolific Innis (Frobisher) oil field and the Midale oil field.

A drilling contract has been let for the first well "SUPREME ALINA MIDALE 5-7" which will be located on LSD 5, Sec. 7, Twp. 7, Rge. 10, W2., drilling scheduled to commence on or about May 20th.

The projected depth of the well is 4,550 feet to test the Midale and Frobisher beds. Interest in the well will be Supreme Oil and Gas Ltd., 50% - Alina Mines Ltd., 50%.

The three drilling locations selected by the Company are on 2,240 lease acres ideally located between the two fields for both Midale production and Frobisher production.

It is interesting to note that the Midale oil field covers approximately 75,840 acres and almost one half billion barrels of recoverable oil is estimated for the field. The Innis Frobisher oil field, discovered in late 1965, has added substantially to these reserves. Some of these wells are capable of producing 1,000 barrels per day.

Total production to date for the Midale field is in excess of 114 million barrels, and at the present time there are 914 producing wells. Other companies actively drilling in the area include Shell, British American, Socony Mobil Oil, etc.

The wells are producing at Government assigned maximum permissive rates averaging 100 barrels per day. The oil in place for an average Midale well is approximately 1.2 million barrels, average recovery 37.5% - approximately 450,000 barrels per well.

As mentioned above, the Company plans to drill at least three wells in this area and depending on the success of this initial program, follow-up drilling on additional acreage available to the Company can be anticipated.

SUPREME OIL AND GAS LTD.

May 16, 1966.

GO "SUPREME"—"Canadian All The Way"

Who's



?

With the opening of more Supreme service stations and bulk plants in the Western provinces, and with the Company's name being associated with various drilling activities—and possible refining operations—the question “WHO IS SUPREME” becomes a daily occurrence not only to the offices of the Company but also to our numerous dealers and agents. We trust the following will answer the question, “WHO IS SUPREME?”

The Company “Supreme Oil and Gas Ltd.” was incorporated in 1952 under the laws of the province of Alberta as a public company for the purpose of acquiring petroleum and natural gas properties, drilling oil wells and generally participating in the oil industry and by 1962 the Company held various small equities in several oil wells.

Early in 1963, the present Board took over the management and re-organized the Company including its share capital, details of which are outlined on Page 12 of this report under “Corporate Information”.

Also at that time, plans for expansion were placed in effect with the result that the Company has two divisions, “AN EXPLORATION DIVISION” and “A MARKETING DIVISION”.

Under the exploration division, the Company's gross acreage position has increased from less than 2000 acres (in 1963) to over 325,000 gross acres. The acreage now owned by the Company is located mainly throughout central and northern Alberta, including the Rainbow, Zama, Nipisi, Red Earth areas and also in the Midale, Weyburn, and Llyodminster Oil Fields in Saskatchewan. During the past year the Company has participated in the drilling of seven wells in these areas, four of which were successful. (See Directors' Report for current and future drilling activities.)

Under the marketing division, extensive surveys were conducted over the western provinces, and the first Supreme service station was opened in Edmonton in late 1963. With the enthusiastic response of the motoring public to Supreme service, the marketing division has expanded throughout Alberta into Saskatchewan and plans are well under way for a similar expansion into British Columbia. It is becoming a common sight to see Supreme service stations and bulk plants and future plans call for a further broadening of this division.

Included in the following pages of this Annual Report are full details of both the exploration and marketing divisions of the Company, also future forecasts with maps, graphs and comparative figures of the Company's operations from 1963 up to and including 1966.

A PROGRESSIVE CANADIAN INDEPENDENT OIL COMPANY



CANADIAN ALL THE WAY

HIGHLIGHTS OF 1966

REVIEWED AND COMPARED WITH PREVIOUS YEARS

	1966 July 31	1965 July 31	1964 July 31	1963 July 31
Gross Revenue - - - - -	\$337,604	\$154,937	\$ 41,333	\$ 7,528
Operating Expenses - - - - -	272,575	136,880	23,148	9,134
General and Admin. Expenses - - - - -	24,375	13,430	13,534	
	\$296,950	\$150,316	\$ 36,682	\$ 9,134
Operating Profit (Loss) - - - - -	40,653	4,621	4,651	(1,606)
Promotional Expense - - - - -	8,930	20,465	10,179	
Net Profit (Loss) - - - - -	31,723	(15,844)	(5,528)	(1,606)

Financial Position

Current Assets - - - - -	142,540	34,543	15,276	6,406
Current Liabilities - - - - -	96,931	40,326	25,335	23,657
Working Capital - - - - -	45,609	(5,719)	(10,059)	(17,251)
Investment in Wholly-Owned Subsidiary - -	90,000	—	—	—
P. & N.G. Leases - - - - -	285,463	229,949	224,791	98,975
Fixed Assets at Cost - - - - -	281,900	168,958	95,076	7,664
Long Term Liabilities - - - - -	157,336	121,194	58,494	—
Due to W/O Subsidiary - - - - -	76,053			
Other Liabilities - - - - -	11,068	58,622	18,858	—
Share Capital - - - - -	465,915	230,915	230,915	214,115
Shares Authorized - - - - -	3,000,000	3,000,000	3,000,000	3,000,000
Shares Issued - - - - -	1,051,407	751,407	751,407	331,407

A PROGRESSIVE CANADIAN INDEPENDENT OIL COMPANY

A MESSAGE FROM THE PRESIDENT

On behalf of the Board of Directors I am particularly pleased to introduce this Annual Report on the affairs of the Company for the year 1966.

The Company enjoyed an impressive year of expansion in all phases of its operation. Revenue increased 117% over the previous year with a profit being realized, as compared with a deficit during the previous period. Further substantial increases can be anticipated as we pursue our vigorous expansion program.

Under the exploration division, we increased our gross acreage to over 325,000 acres and the Company participated in various drilling activities in Alberta and Saskatchewan.

The Marketing Division furthered the unprecedented growth of the Company with the opening of additional service stations and bulk plants in Alberta, also in Saskatchewan and plans are under way for similar expansion into British Columbia.

These highlights far outweigh any previous growth record which shows the rapid expansion of the Company, and the progressive policies of the Board of Directors, being carried out in an orderly and efficient manner.

With the continuing increasing demand for petroleum products, the Company has a tremendous future. We are already well on the way to building Supreme into a nation-wide, Canadian-owned, fully integrated oil company.

In presenting this report, I would like to express grateful thanks to our shareholders for continued ownership in the Company, and extend a warm welcome to our many new shareholders.

I would also like to take this opportunity of expressing my personal appreciation to the management and staff for their loyal support and valued contribution during the year, which with usual growing pains being evident, entailed various organizational changes.

In conclusion, a word about 1967 which marks 100 years of free and independent growth for our country.

As we celebrate this historic anniversary, let us remember the principles of democracy and free enterprise upon which our nation has been built.

As Canadians, let us pledge ourselves to continue supporting these principles, thereby strengthening the economic future of this great country.

"OUT OF THE PAST — THE FUTURE"

Let this centennial motto guide us as we pursue our Company's future in a manner that is proudly "Canadian All The Way".

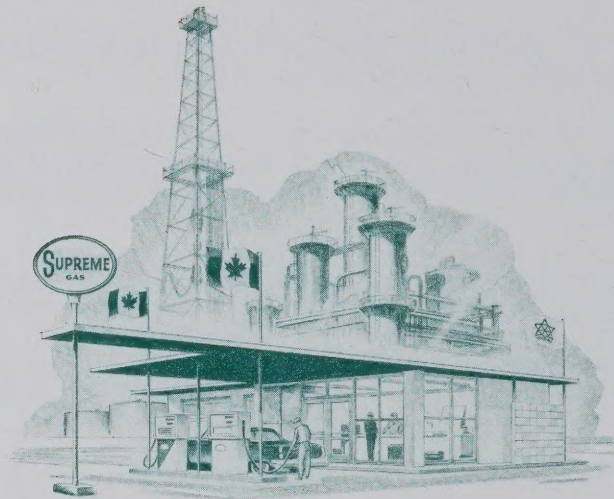
*Harold P. W. Wright
President, Chairman of the Board*

*December 6, 1966.
Edmonton, Alberta*



REPORT OF THE DIRECTORS

To the Shareholders
Supreme Oil and Gas Ltd.



A review of activities in 1966 must begin with the gratifying fact that your Company has enjoyed record progress in all phases of its operations and your Directors take great pleasure in reporting a summary of the rapid developments for the year 1966.

REVENUE

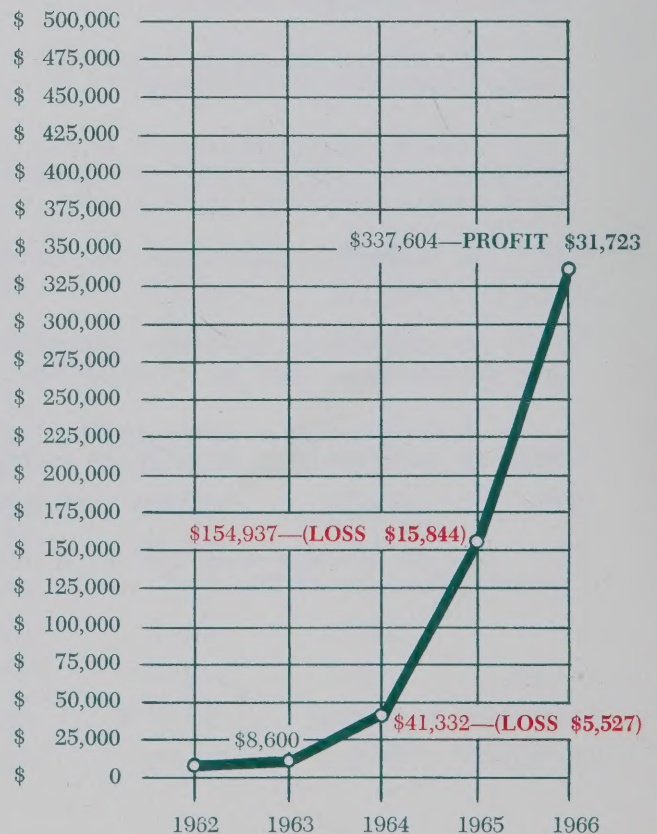
As you will note in the financial statements, the Company completed its fiscal year with a gross revenue of \$337,604.00 (an increase of 117%) and a profit of \$31,723.00 (before depreciation). These figures far exceed the previous year's gross revenue of \$154,937.00 and a deficit of \$15,844.00 which reflects the drive and ambition which went into your Company's operations.

One of the major contributions to our record increase in revenue was the program of advertising set in motion by our marketing division. As we proceed with our plans for expansion, further increases in revenue can be expected.

INCREASED ASSETS

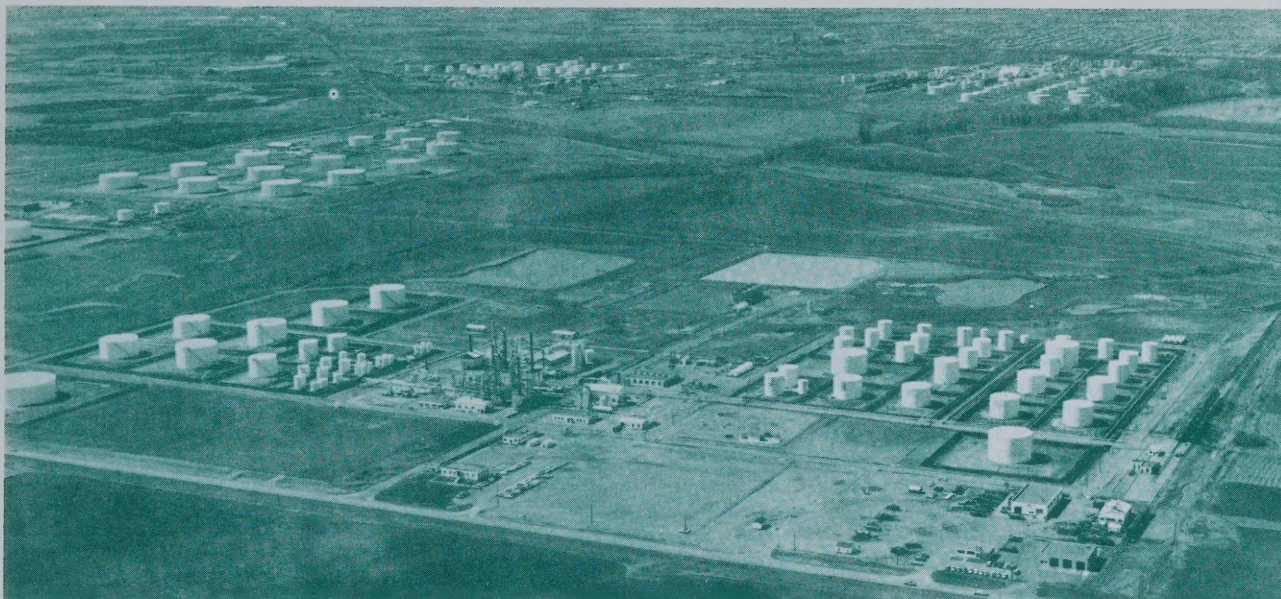
The Company also substantially increased its assets in 1966. Since we did not own most of these new assets for the full 12 months prior to the fiscal year end, depreciation has not been allowed for in the financial statements.

GROSS REVENUE GRAPH 1962 - 1966
(Showing Profit or (Loss) of Operations)



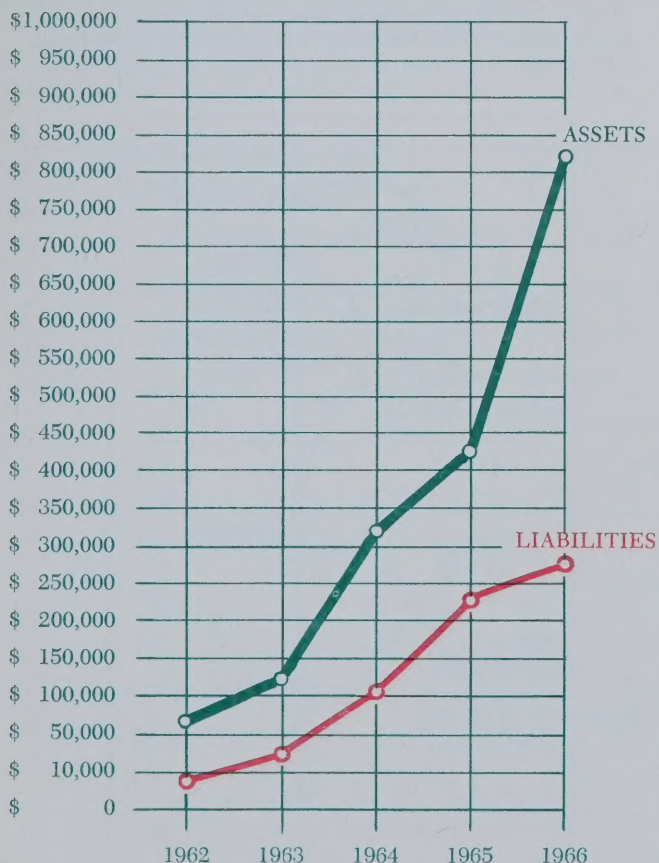
"SUPREME" CANADIAN ALL THE WAY

ANNUAL REPORT 1966



RANSON PHOTO

ASSETS vs. LIABILITIES 1962 - 1966



MARKETING POLICY

The Company's policy, in the marketing division, has been to finance its service stations and bulk plants with long term mortgages secured against the properties being acquired. In this way the assets, represented by the value of the service stations and bulk plants, more than offset the liabilities incurred.

INCREASED WORKING CAPITAL

Early in the year we arranged for additional working capital through the sale of shares from the Treasury. Details of which are referred to in the Auditors' Notes.

Having regard to future working capital requirements for the needs of our expansion program, we are presently negotiating further substantial financing to improve the Company's position.

EXPLORATION DIVISION

We are pleased to report that the gross acreage in the exploration division has increased substantially, from 4,300 acres to 325,000 acres. These holdings have been acquired through a program of participation in several drilling ventures on large acreage spreads in the Rainbow, Zama, Nipisi, Red Earth

SUPREME STATIONS HANDLE ONLY TOP QUALITY PRODUCTS



REPORT OF THE DIRECTORS

and Granite Wash areas in Northern Alberta, also in the Midale, Lloydminster and Weyburn oil fields in Saskatchewan.

EXPLORATION POLICY

The Board's policy regarding the exploration division is to minimize speculation and protect working capital. Therefore, in unproven areas, the Company acquires smaller equities in large acreage spreads, rather than large equities in smaller parcels. Where acreage is of a more proven nature, the Company participates to a larger degree.

EXPLORATION ACTIVITIES

Present plans call for the participation in the drilling of at least two wells on large acreage spreads South and East of the Rainbow and Zama discoveries in Northern Alberta where the company has extensive holdings. Also South of the Rainbow oilfield the company has joined with other participants in acquiring a farmout on five lease sections in close proximity to recent major discoveries. The location of this acreage is in Townships 104 and 105, Ranges 4 and 5, West of the 6th Meridian. Additional equities in this area are presently being negotiated and a drilling program will be announced shortly.

In addition to the foregoing, commencing in the spring of 1967, the company intends to participate in the drilling of additional wells in the Midale, Lloydminster and Weyburn oilfields in Saskatchewan.

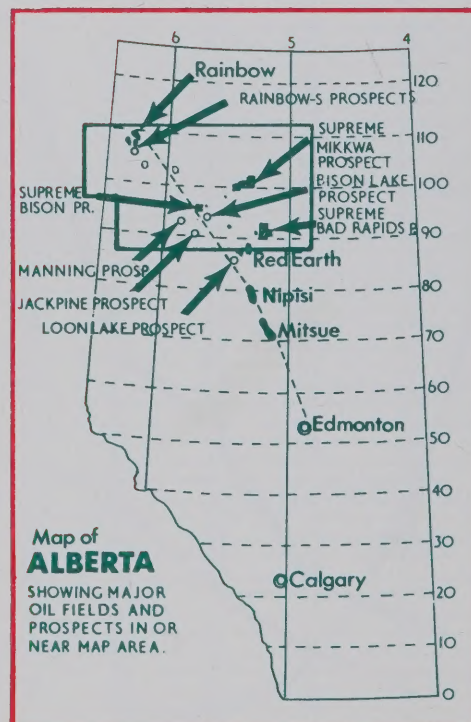
During the past year the company participated in the drilling of seven wells in these areas, four of which were completed as commercial producers.

MARKETING DIVISION

The growth of the marketable division has been remarkable. We have opened additional service stations and bulk plants in Alberta and Saskatchewan and are now progressing with plans for similar expansion into British Columbia. We have brought experienced key personnel into the Company to carry out these long range plans. The rapid growth of this division reflects their resourcefulness and effectiveness.



DRILLING: SUPREME KEYSTONE MIDALE 5-7.
OUR FIRST PRODUCING WELL IN THE MIDALE FIELD.



A PROGRESSIVE CANADIAN INDEPENDENT OIL COMPANY

SUPREME OIL AND GAS LIMITED

BALANCE SHEET, JULY 31st, 1966

(with comparative figures at July 31st, 1965 and July 31st, 1964)

A S S E T S

	1966 July 31st,	1965 July 31st,	1964 July 31st,
CURRENT ASSETS:			
Cash on Hand and in Banks - - - - -	14,652.51	11,436.62	100.00
Accounts Receivable—Trade - - - - -	75,688.68	15,939.33	7,997.75
Drilling Deposits Paid in Advance - - - - -	42,314.44	—	—
Oil in Storage—at market value - - - - -	3,031.71	536.71	388.60
Marketable Securities, at cost (market value July 31st, 1966, \$875.00; July 31st, 1965, \$675.00, July 31st, 1964, \$645.00)	878.28	4,923.50	4,923.50
Prepaid Expenses - - - - -	5,974.29	1,706.56	1,866.12
	<u>142,539.91</u>	<u>34,542.72</u>	<u>15,275.97</u>
OTHER ASSETS:			
Sign Rentals, with option to purchase - - - - -	—	3,659.70	1,321.10
Long Term Receivables on Leases - - - - -	1,000.00	1,000.00	—
Deferred Advertising and Promotional Costs (Note 1) - - - - -	25,144.14	—	—
	<u>26,144.14</u>	<u>4,659.70</u>	<u>1,321.10</u>
INVESTMENT IN WHOLLY-OWNED SUBSIDIARY (Note 2)			
Alaskan Motors Ltd. — 2,000 shares - - - - -	90,000.00	—	—
PETROLEUM AND NATURAL GAS LEASES AND INTERESTS (Note 3) - - - - -	<u>285,463.23</u>	<u>229,948.58</u>	<u>224,791.19</u>
FIXED ASSETS—at cost (Note 4) - - - - -	<u>281,899.69</u>	<u>168,958.15</u>	<u>95,075.95</u>
Less Accumulated Depreciation - - - - -	<u>403.37</u>	<u>403.37</u>	<u>403.37</u>
	<u>281,496.32</u>	<u>168,554.78</u>	<u>94,672.58</u>
 Approved on behalf of the Board: H. P. W. WRIGHT, Director R. A. HARRISON, Director	 <u>\$825,643.60</u>	 <u>\$437,705.78</u>	 <u>\$336,060.84</u>

To the Shareholders of
Supreme Oil and Gas Ltd.

We have examined the balance sheet of Supreme Oil and Gas Ltd. as at July 31st, 1966 and the statements of income and deficit for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above balance sheet and the accompanying statements of income and deficit, supplemented by the notes appended thereto, presents fairly the financial position of the company as at July 31st, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, with the exception that no depreciation has been provided in the accounts.

Edmonton, Alberta,
September 7th, 1966.

NASH & NASH,
Chartered Accountants.

SUPREME OIL AND GAS LIMITED

BALANCE SHEET, JULY 31st, 1966

(with comparative figures at July 31st, 1965 and July 31st, 1964)

LIABILITIES

	1966 July 31st,	1965 July 31st,	1964 July 31st,
CURRENT LIABILITIES:			
Bank Overdraft - - - - -	—	—	1,279.14
Accounts Payable - - - - -	36,067.90	25,961.99	6,056.08
Drilling Deposits Received from Participant - -	41,157.22	—	—
Mortgage Payments due within one year (Note 5) -	19,706.28	14,400.00	18,000.00
	<u>96,931.40</u>	<u>40,361.99</u>	<u>25,335.22</u>
LONG TERM LIABILITIES:			
Mortgages and Agreements for Sale Payable (Note 5) - - - - -	157,336.46	121,194.21	58,493.52
DUE TO WHOLLY-OWNED SUBSIDIARY:			
Alaskan Motors Ltd. - - - - -	76,055.43	—	—
OTHER LIABILITIES:			
Shareholder's Loan - - - - -	11,067.52	58,220.46	17,998.85
Deferred Income - - - - -	—	400.00	860.00
	<u>11,067.52</u>	<u>58,620.46</u>	<u>18,858.85</u>
SHAREHOLDERS' EQUITY:			
Share Capital:			
Authorized—3,000,000 shares of no par value— for a maximum consideration of \$1,000,000.00			
Issued and Fully Paid—July 31st, 1966 (1,051,407 shares) July 31st, 1965 and 1964 (751,407 shares (Note 6) - - - - -	465,914.88	230,914.88	230,914.88
Excess of Appraised Value of Petroleum and Natural Gas Leases and Interests over cost -	132,713.47	132,713.47	132,713.47
DEFICIT ACCOUNT - - - - -	(114,375.56)	(146,099.23)	(130,255.00)
	<u>484,252.79</u>	<u>217,529.12</u>	<u>233,373.35</u>
Contingent Liabilities (Note 7) <u>\$86,656.39</u>	<u>\$825,643.60</u>	<u>\$437,705.78</u>	<u>\$336,060.84</u>

A PROGRESSIVE CANADIAN INDEPENDENT OIL COMPANY

STATEMENT OF INCOME
for the year ended July 31st, 1966

(with comparative figures for the years ended July 31st, 1965 and July 31st, 1964)

	1966 July 31st,	1965 July 31st,	1964 July 31st,
Sale of Petroleum Products - - - - -	273,234.03	137,325.28	21,445.76
Sale of Other Products - - - - -	3,025.42	—	—
Rental Revenue - - - - -	12,267.50	8,579.28	3,355.00
Revenue from Producing Wells - - - - -	10,312.39	9,032.52	5,203.97
Commissions and Management Fees - - - - -	30,000.00	—	5,953.81
Profit on Sale of Investments - - - - -	2,637.63	—	5,374.00
Sundry Revenue - - - - -	6,127.21	—	—
	<u>\$337,604.18</u>	<u>\$154,937.08</u>	<u>\$ 41,332.54</u>
OPERATING EXPENSES:			
Petroleum Product Costs - - - - -	252,027.07	126,803.55	17,950.41
Hauling and Commissions - - - - -	10,370.03		
Other Product Costs - - - - -	2,180.14		
Workover and Operating Costs of Producing Wells	3,487.71	4,465.89	2,565.45
Lease Rentals - - - - -	2,251.76	2,564.77	1,600.85
Rental Expenses - - - - -	650.00	2,752.03	850.79
Engineering Fees - - - - -	1,608.35	300.00	180.00
	<u>\$272,575.06</u>	<u>\$136,886.24</u>	<u>\$ 23,147.50</u>
GENERAL AND ADMINISTRATION EXPENSES:			
Salaries - - - - -	10,901.73	3,363.01	4,203.71
Office Rent - - - - -	5,697.48	4,553.48	4,311.48
Transfer Fees - - - - -	548.75	—	61.00
Audit, Accounting and Legal - - - - -	4,764.05	1,411.89	300.00
Business Taxes - - - - -	261.25	166.25	769.80
Insurance - - - - -	110.66	357.30	395.15
Telephone and Lights - - - - -	988.70	1,896.29	1,157.98
Stamps, Stationery and Printing Supplies - - -	786.38	1,191.04	1,864.76
Bank Interest and Exchange - - - - -	316.47	491.07	470.16
	<u>\$ 24,375.47</u>	<u>\$ 13,430.33</u>	<u>\$ 13,534.11</u>
Total Operating, General and Administration Expenses	<u>296,950.53</u>	<u>150,316.57</u>	<u>36,681.61</u>
PROFIT FROM OPERATIONS WITHOUT DEPRECIATION BUT BEFORE PROMOTIONAL AND FINANCIAL EXPENSES - - - - -			
	<u>40,653.65</u>	<u>4,620.51</u>	<u>4,650.93</u>
PROMOTIONAL AND FINANCIAL EXPENSES:			
Promotional Expenses - - - - -	—	15,926.38	7,229.28
Interest on Mortgages and Agreements for Sale -	8,929.98	4,538.36	2,949.52
	<u>8,929.98</u>	<u>20,464.74</u>	<u>10,178.80</u>
NET PROFIT OR (LOSS) without Depreciation -	<u>\$ 31,723.67</u>	<u>(\$15,844.23)</u>	<u>(\$ 5,527.87)</u>

NOTES TO THE BALANCE SHEET, JULY 31st, 1966

1. Deferred Promotion and Other Expenses:

Since the company is presently undertaking an extensive expansion program, it is the intention of the directors to defer the write-off of the following expenses against future operations.

Advertising and Promotion	-	-	-	-	-	-	-	-	-	-	-	18,749.31
Automobile Expenses	-	-	-	-	-	-	-	-	-	-	-	1,134.95
Travelling Expenses	-	-	-	-	-	-	-	-	-	-	-	3,279.51
Telephone	-	-	-	-	-	-	-	-	-	-	-	1,980.37
												<u>\$25,144.14</u>

2. Investment in Wholly-Owned Subsidiary

In accordance with the Alberta Companies Act, we report that no provision has been made in the accounts of the company for the profit or loss of Alaskan Motors Ltd., a subsidiary company acquired in December 1965. The fiscal year end of Alaskan Motors Ltd. is April 30th, and the last audited financial statement was prepared for the year ended April 30th, 1965.

3. Petroleum and Natural Gas Leases:

The undeveloped Petroleum and Natural Gas Leases and interests are valued at cost or appraised values where applicable, as approved by the directors on March 31st, 1964. Additions since that date are at cost.

	July 31st, 1966	July 31st, 1965	July 31st, 1964
Proven Developed, at cost	43,922.00	25,422.39	20,265.00
Undeveloped	241,541.23	204,526.19	204,526.19
	<u>\$285,463.23</u>	<u>\$229,948.58</u>	<u>\$224,791.19</u>

4. Fixed Assets:

The fixed assets are as follows:

	July 31st, 1966	July 31st, 1965	July 31st, 1964
Land	70,228.68	34,069.05	18,051.05
Buildings and Improvements	125,520.35	85,809.62	50,020.97
Service Station Equipment and Signs	64,757.88	29,114.97	12,039.18
Office Equipment	9,267.84	7,839.57	7,027.47
Mobile Equipment	1,040.00	1,040.00	1,040.00
Production Equipment	11,084.94	11,084.94	6,897.28
	<u>\$281,899.69</u>	<u>\$168,958.15</u>	<u>\$ 95,075.95</u>

5. Long Term Liabilities:

	Balance July 31st, 1966	Payments Due in the Next Twelve Months
Mortgage, at 6%	39,957.58	3,600.00
Mortgage, at 7%	9,178.17	1,800.00
Mortgage, at 9½%	29,679.26	3,612.00
Agreement for Sale, at 7%	24,286.30	2,400.00
Mortgage, at 7%	14,598.07	1,607.88
Mortgage, at 9½%	19,667.52	2,484.00
Mortgage, at 7¼%	39,675.84	4,202.40
	<u>\$177,042.74</u>	<u>\$19,706.28</u>

6. Capital

Of the 1,051,407 shares outstanding at July 31st, 1966, 75,000 shares are being held in escrow in connection with shares issued for properties. Between August 1st, 1965 and July 31st, 1966 200,000 shares were issued at \$.80 per share and 100,000 shares were issued at \$.75 per share.

7. Contingent Liabilities:

The company has guaranteed a first mortgage including accrued interest to July 31st, 1966 of \$47,304.68 and a second mortgage including accrued interest to July 31st, 1966 of \$39,351.71 of its wholly owned subsidiary company Alaskan Motors Ltd.

8. Options to Purchase:

The company has secured options to purchase land on the Trans-Canada Highway west of Calgary at any time in the next 50 years for \$10,000.00, and an Edmonton service station within the next year for \$14,000.00.

Statement of Deficit For The Year Ended July 31st, 1966

Net losses from operations, write off of petroleum and natural gas interests, incorporation and reorganization expenses, incurred prior to July 31st, 1963. (THE DATE OF CHANGE OF MANAGEMENT)	(124,727.13)
Net profits or losses from operations, including reorganization expenses but not depreciation	
For the year ended July 31st, 1964	(5,527.87)
For the year ended July 31st, 1965	(15,844.23)
For the year ended July 31st, 1966	<u>31,723.67</u>
	<u>10,351.57</u>
	<u>(\$114,375.56)</u>

CORPORATE INFORMATION



The full name of the Company is SUPREME OIL AND GAS LTD. (hereinafter referred to as "the Company".)

The Company was incorporated under the Companies Act of the Province of Alberta as a public company on January 22, 1952, under the name Pigeon Lake Petroleum Limited by the filing of Memorandum and Articles of Association. Early in 1963, the Company was re-organized under new management, and by Certificate of the Registrar of Companies dated January 15th, 1963, the name of the Company was changed to Supreme Oil and Gas Ltd.

The original authorized capital of the company was 3,000,000 shares without nominal or par value issuable for a maximum aggregate consideration not exceeding \$1,000,000. By Certificates of the Registrar of Companies dated January 22, 1963 the authorized capital was changed by:—

- (a) the consolidation of the then outstanding 1,813,170 shares without nominal or par value into 181,317 shares without nominal or par value;
- (b) the cancellation of 1,186,830 unissued shares without nominal or par value; and
- (c) the creation of 2,818,683 new shares without nominal or par value,

with the result that the authorized capital of the Company became 3,000,000 shares without nominal or par value issuable for a maximum aggregate consideration not exceeding \$1,000,000.00 of which 181,317 shares without nominal or par value were deemed to be issued as fully paid and non-assessible, and the conditions of the Memorandum of Association were altered accordingly.

The original promoters of the Company were Pigeon Lake Syndicate which during 1952 and 1953 were allotted 1,007,000 fully paid shares for the assignment of certain petroleum and natural gas leases to the Company. Of the said 1,007,000 shares so issued, 750,000 (75,000 as the capital of the Company is now constituted) are held in escrow by Guaranty Trust Company of Canada, Edmonton, Alberta. The remaining 257,000 shares (25,700 as the capital of the Company is now constituted) are included in the current outstanding shares as 25,700 issued shares.

Since January 22, 1963, 869,090 shares have been issued from the Treasury for cash of which 431,000 shares have been deposited in escrow with the Guaranty Trust Company of Canada, Edmonton, Alberta under the requirements of the Alberta Securities Commission.

At the time and date of this report, of an authorized capital of 3,000,000 shares without nominal or par value, there are 1,051,407 shares issued of which 506,000 (75,000 plus 431,000) are in escrow with the Guaranty Trust Company of Canada, Edmonton, Alberta, which can not be released, sold, pledged, transferred, assigned or dealt with in any manner whatsoever without prior consent being obtained from the Alberta Securities Commission, the British Columbia Securities Commission and the Calgary Stock Exchange.

No securities other than shares have been sold and there are no bonds or debentures outstanding.

"SUPREME" - CANADIAN OWNED AND OPERATED



OIL AND GAS LTD.

OFFICERS

Harold P. W. Wright, President and Managing Director
John K. McKenzie, Vice-President
Charles E. Hughes, Secretary
Roy Allan Harrison, Treasurer

DIRECTORS

Harold P. W. Wright, Edmonton, Alberta
John K. McKenzie, Edmonton, Alberta
Charles E. Hughes, Edmonton, Alberta
Roy Allan Harrison, Edmonton, Alberta
W. Donovan Ferris, Edmonton, Alberta

SENIOR MANAGEMENT

Harold P. W. Wright
J. A. Bloeman
W. J. Mickle
C. L. Turninga
J. P. Walsh

HEAD OFFICE

Supreme Oil and Gas Building,
10612 - 124th Street, Edmonton, Alberta.

REGISTERED OFFICES

300 Supreme Oil and Gas Building,
10612 - 124th Street, Edmonton, Alberta.

206 Financial Building,
13th Ave. and Scarth Street, Regina, Saskatchewan.

717 West Pender Street,
Vancouver 1, British Columbia.

CAPITALIZATION

Authorized (No Par Value)	-	-	-	3,000,000
Issued	-	-	-	1,051,407

REGISTRARS AND TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA,

10003 Jasper Avenue, Edmonton, Alberta.
311 - 8th Avenue S.W., Calgary, Alberta.
624 Howe Street, Vancouver 1, British Columbia.

AUDITORS

NASH & NASH,
Chartered Accountants,
10044 - 102nd Street, Edmonton, Alberta.

SOLICITORS

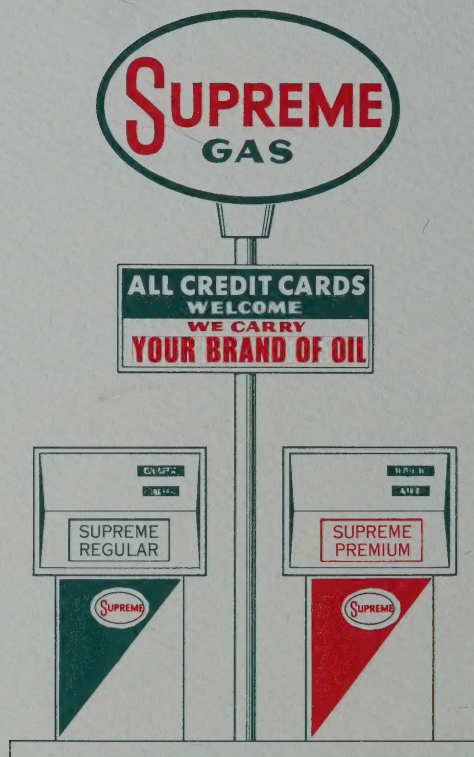
MILNER, STEER, DYDE, MASSIE, LAYTON,
CREGAN & MACDONNELL, MILNER, STEER,
LAYTON & CAMERON,
Ninth Floor, Milner Building,
10040 - 104th Street, Edmonton, Alberta.

BANKERS

THE ROYAL BANK OF CANADA,
Main Branch, 10107 Jasper Avenue,
Edmonton, Alberta.

TRADING FACILITIES

Calgary Stock Exchange, Calgary, Alberta.



SUPREME OIL AND GAS LTD.

HEAD OFFICE:

SUPREME OIL & GAS BUILDING
10612 - 124 STREET
EDMONTON, ALBERTA, CANADA
PHONE: PBX 482-1555 (CODE 403)